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C O N F I D E N T I A L SECTION 01 OF 03 ACCRA 001404

SIPDIS

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TAGS: [ECON](#) [ENRG](#) [EPET](#) [PGOV](#) [PINR](#) [GH](#)

SUBJECT: GHANA OPPOSITION ALLEGES RULING PARTY CORRUPTION  
AND PREVIEWS ECONOMIC AGENDA

Classified By: ECON CHIEF PHILIP CUMMINGS, REASONS 1.4 (B) and (D)

¶1. (C) SUMMARY: Opposition shadow minister for energy Moses Asaga outlined the National Democratic Congress (NDC) party election manifesto focused on broadening the benefits of Ghana's economic growth. While praising the ruling New Patriotic Party's (NPP) earlier management of Ghana's economy out of crisis, he alleged a steady growth of corruption within the ruling party, a trend which he feels has been ignored by a complicit media and civil society. In contrast with what he characterized as the ruling party's compromised and premature efforts to claim future oil wealth, Asaga highlighted the NDC's solid technical orientation on oil and gas paired with the NDC presidential candidate's strong position on ethics and corruption. END SUMMARY.

CORRUPTION RAMPANT AND BLATANT, BUT NOT REPORTED  
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¶2. (C) Meeting with Econoffs, Member of Parliament Moses Asaga (Ranking Member for Energy and Mines) shared a number of stories illustrating negative trends in the ruling NPP's disposition toward corruption by its ministers and government officials. From police chiefs selling off impounded contraband drugs, to the President's son's mysterious ownership of a hotel, Asaga painted a picture of rampant corruption, and a compromised media that is uninterested or unwilling to tell the whole story. (NOTE: NDC Presidential candidate John Atta-Mills general comments on corruption in the government have been reported, but not explored independently. END NOTE.) Drawing from his own experiences as a minister and private sources of information Asaga connected these broad trends of corruption within the NPP and government as also compromising Ghana's development of its oil and gas resources. Asaga suggested that the NPP's reelection could fundamentally compromise Ghana's institutional checks and balances, raising the specter of Nigeria-style kleptocracy, parasitically entrenched by a steady flow of oil wealth.

BROADER DISTRIBUTION OF GAINS FROM GROWTH  
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¶3. (SBU) Asaga presented the key economic aspects of the opposition NDCQ,s election manifesto. Starting with a review of the current government's economic performance, Asaga praised the NPP government's performance from 2001 to 2004, which brought Ghana out of difficult economic times through lowered inflation, increased foreign exchange reserves and investment in infrastructure. Speaking about the past four years, Asaga was more critical and pointed to burgeoning budget deficits, a weakening cedi, insufficient electric power, and an economic approach that unduly prioritized the urban sectors of manufacturing, banking and real estate development, which has not resulted in broader 'trickle-down' benefits.

¶4. (C) As an alternative to the NPP's alleged bias toward urban, professional, upper and middle class segments of Ghana, Asaga described the NDC's economic agenda as seeking broader gains from growth, and achieving growth through added focus on the rural sector. First, he stated the priority of increasing agricultural productivity in Ghana - with a specific goal of self-sufficiency in rice production. NOTE: Based on MCC-led engagement with Ghana's agriculture sector, the USG does not believe self-sufficiency in rice is a realistic or recommended goal for Ghana. END NOTE. In addition to productivity gains, the NPP would promote value-added agricultural processing industries. The NDC would facilitate increased rural growth through public works projects and increased investment in

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infrastructure. Finally, Asaga noted the need for increased investment in technical education and practically-oriented trade schools. The NDC proposes forming practical skills oriented trade schools: one specializing in energy science, and a second focused on health and medicine.

#### NEED FOR RESPONSIBLE STEWARDSHIP IN OIL SECTOR

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¶5. (C) Asaga characterized the NDC as having greater experience and deeper technical expertise on the oil and gas sector. Based on prior professional experience in the oil and gas sector in Scotland, Asaga criticized the NPPs pronouncements and plans for future oil revenues deriving from Ghana's 2007 offshore discoveries as 'premature.' Asaga shared his assessment that the national bureaucracy is currently being pushed by the governing NPP administration to irresponsibly overstate and push oil development plans, for both political and private gains. Asaga outlined how the NPP had the benefit of inheriting energy plans set in motion by the prior NDC government: the establishment of the Ghana National Petroleum Corporation (GNPC) in 1984, oil sector policies and regulations, the diversification of power away from reliance on hydro-electricity, and the initiation of gas-fired thermal generation projects and the West African Gas Pipeline plan.

¶6. (C) Asaga conceded that in the 1990s the NDC made a mistake in trying to develop Ghana's oil and gas without the technical and financial benefits of foreign participation. Now accepting that foreign participation benefits Ghana, Asaga said that the NDC would change the mechanism for granting off-shore concessions from the current opaque 'first-come, first-served' application process to a more transparent and accountable bidding process that takes into account the proposalsQ, technical, financial (includin cost-recovery), and local-content features. (NOTE: Currently the GNPC acts as a regulator, promoter, and participant in the process for awarding

offshore blocks. Each production sharing contract (PSC) is reviewed by the Energy Ministry and the President's office before Parliamentary approval. END NOTE.)

17. (C) With their longer experience with oil and gas, Asaga claimed that the NDC understood that the oil sector can only be successfully developed with appropriate technology, often with time-intensive industry practices. Asaga presents the NDC as viewing the oil wealth as a welcome and important addition to national resources, but not transformational for Ghana's economy. COMMENT: Asaga attempted to characterize the NDC as being responsibly circumspect regarding the impact of Ghana's oil resources, in contrast to an ebullient Ghana can 'get rich quick' message presented by the ruling NPP and inauspiciously pursued in private by some government officials. END COMMENT.

18. (C) Once oil revenues do accrue to Ghana, Asaga described the NDC's plans for responsible use of the oil windfall, which include overall management of the energy sector in compliance with the Extractive Industries Transparent Initiative (EITI). Providing details not publicly stated in the published manifesto, Asaga proposed that the proceeds would be split into three portions. The first 50 percent of revenues would be channeled directly to direct budget support; assuming a NDC government, that budget would include large commitments to poverty alleviation, social works, and infrastructure investment. The second largest segment of revenues (40 to 45 percent) would be invested offshore, in a professionally managed sovereign wealth fund, which the NDC has

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dubbed a 'Generation Fund.' This fund would include board members from the Ministry of Finance, the Bank of Ghana, and two elected Members of Parliament -- one from the governing party and an opposition member. The remaining 5 to 10 percent of revenues would be allocated to decentralized development mechanisms in the specific coastal regions corresponding with the offshore sites, to instill positive local attitudes and 'investment' in the oil and gas operations in their community.

COMMENT  
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19. (C) If the NDC wins December's elections, Asaga is well positioned to assume a ministerial role of importance in the new government, possibly in the Ministry of Finance, or Energy. While some of his talking points contained more rhetoric than realism (e.g. pursuing the goal of rice self-sufficiency), Asaga's points on the oil and gas sector specifically suggest a clear-sighted and pragmatic agenda that contrasts positively with apparent missteps by the current government. Asaga's reports of corruption in the current government correspond with other reports we hear, but it is worth noting that the NDC was no paragon of virtue where corruption was concerned during its own tenure. Post will report SEPTTEL on the overall issue of corruption.

TEITELBAUM